Functioning of NBFCs

2693. SHRI KARNENDU BHATTACHARJEE:
SHRI P. PRABHAKAR REDDY:

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether Government have put in place any regulatory framework to oversee the functioning of the Residuary Non-Banking Financial Companies having access to public deposits;

(b) if so, the details thereof;

(c) whether periodic inspections are conducted to scrutinise the working of these institutions; and

(d) if so, how frequently such inspections are conducted and when such inspections were last conducted regarding the affairs of Peerless General Finance and Investment Company Ltd. togetherwith the results thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) and (b) Reserve Bank of India (RBI) has reported that comprehensive regulatory framework has been put in place which is aimed at protecting the interests of the depositors and ensuring that the Residuary Non-Banking Companies (RNBCs) which belong to the category of Non-Banking Financial Companies (NBFCs) function on sound and healthy lines. The regulatory framework includes, *inter-alia*, compulsory registration, maintenance of liquid assets, transfer of at least 20 per cent. of net profit to reserve fund and empowering RBI to issue directions to NBFCs. RBI takes various actions against errant NBFCs for various defaults and contravention of provisions of RBI Act and directions issued thereunder. Government has introduced Financial Companies Regulation Bill, 2000 in the Lok Sabha on 13th December, 2000. The Bill has been referred to Standing Committee on Finance by the Hon'ble Speaker, Lok Sabha.

(c) and (d) Registered RNBCs are subjected to inspections by the Bank under Section 45N of the RBI Act, 1934.

The RNBCs are subjected to inspections either every year or once in two years depending on their deposit size.

The Peerless General Finance and Investment Co. Ltd. was last inspected with reference to its financial position as on March 31, 2001 between December 3, 2001 and March 11, 2002. The last inspection revealed some improvements in certain areas of working of the company. The company maintained the minimum requirement of 80 per cent investments in liquid asets as on 31 March 2001.

The operating profit of the company increased from Rs. 135.45 crore for the year ended March 31, 2000 to Rs. 297.03 crore for the year ended March 31, 2001. The net profit of the company worked out to Rs. 34.47 crore for the year ended March 31, 2001 as compared to net loss of Rs. 386.43 crore for the year ended March 31, 2000.

Printing of currency notes

2694. SHRI JANARDHANA POOJARY: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether Government's attention has been drawn to the news-item captioned "Norms for currency notes given go-by," appearing in 'Deccan Herald', dated 11th November, 2002;

(b) if so, what are the details thereof;

(c) what is the quantum of currency notes that is proposed to be printed, the revenue implication in this transaction and the number of overseas companies evincing interest in this transaction; and

(d) what measures are proposed to be taken to bring about transparency in the transaction and to make the currency notes contra-counterfeit?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) and (b) Yes, Sir. The stated news item refers to some recommendations made by the High Level Committee (HLC) to prevent counterfeiting of Indian banknotes and levels charge against the Ministry that efforts are being made to dilute some security features with a view to favouring American and British Companies at the cost of other European Companies. It also